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17 May 1955

MEMORANDUM FOR THE RECORD

SUBJECT: Reexamination of CIA's Reimbursement Practices

1. Following a recent meeting with the State Department and Bureau of the Budget, this office obtained the views informally of R & D and the three military services. These informal views are as follows:

R & D

No objections to the report as the R & D function is one of coordinator while decisions on any funds involved belong to the three services.

ONI (Commander Siegmund):

Not interested in the report. From Captain Stuart (ONI Budget) the report would not "impinge upon ONI budget practices."

AFOIN (Lt. Col. Woods):

No objections to the submission of the report by CIA. Noted that second sentence of paragraph 12 dealing with ERS program should not be taken as an indication or precedent for settling future budget problems; no objections to the sentence as confined to the ERS question. Although commenting that Air Force accounting practices were adequate to "break out" various program activities, there might be an Air Force objection to providing such budget information as might be called for in paragraphs 10 and 11 (NIS) if Air Force were in the future requested to do so.

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G-2 (Lt. Col. Fenili):

No objections to the report. In general the report is okay with G-2 and in particular, the NIS paragraphs are acceptable. G-2's only concern is with the second sentence of paragraph 12 (ERS); that the sentence not be construed as a precedent for future handling of intelligence activities.

2. The military comments can be summed up as "no objections to the report." The questions raised by G-2 and AFOIN on the second sentence in paragraph 12 (ERS) raise no problem as the referenced sentence is so written as to merely suggest an alternative method of budgeting for ERS if the present method fails. In the context of the total reimbursement report the second sentence of paragraph 12 is clearly confined as an alternative to the ERS situation and is not written as a possible solution to other intelligence problems.

3. With regard to the comment of AFOIN on implementation of paragraphs 10 and 11 dealing with NIS, it can only be said that this indication of an objection by AFOIN to providing budget information will have to be met and discussed fully with them at the time the DCI makes a request upon the IAC or NIS committee for budget information.

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Office of the Director
Planning and Coordination Staff

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